

**Exhibit F**



## U.S. Subpoenas Lehman Over Investor Data, People Say (Update1)

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By David Voreacos and Linda Sandler



Oct. 7 (Bloomberg) -- The U.S. Justice Department subpoenaed **Lehman Brothers Holdings Inc.** and other financial companies to determine if the bank misled investors before its Sept. 15 bankruptcy filing, according to people familiar with the matter.

Subpoenas also went to Ernst & Young LLP, Lehman's auditor; U.K.-based **Barclays** Plc, which bought Lehman's North American brokerage; and the New Jersey Division of Investments, which runs a pension fund that lost \$115.6 million on a \$180 million investment in a \$6 billion stock offering by the bank in June, the people said.

Prosecutors at the U.S. Attorney's Office in Newark, New Jersey, are seeking documents to determine whether Lehman failed to fully disclose its eroding financial condition at the time of the offering, according to the people. Building a fraud case around such disclosures could be difficult for the Justice Department, according to former federal prosecutors.

``For a criminal case, they would need to show that at the time of this offering, Lehman knew some bad facts that it didn't tell everybody," said former prosecutor Christopher Clark. ``That will probably be fairly difficult to show. The fact that Lehman was in some financial distress was known to everyone in the world."

Lehman filed the biggest-ever bankruptcy amid a credit- market crisis that also forced the sale of **Merrill Lynch & Co.** to Bank of America.

### Other Subpoenas

The subpoenas also went to Putnam Investments LLC, the Boston-based mutual fund firm that oversees about \$163 billion and bought Lehman bonds and shares; New York-based fund manager BlackRock Inc., a Lehman creditor; **American International Group** Inc., once the world's largest insurer; and C.V. Starr & Co., which is run by **Maurice Greenberg**, former chief executive officer of AIG, according to the people.

Michael Drewniak, a spokesman for U.S. Attorney Christopher Christie, the top federal prosecutor in Newark, declined comment. A spokesman for New Jersey's Treasury Department, **Thomas Vincz**, declined comment on the subpoenas.

Hugh Burns, a spokesman for Lehman; AIG spokesman Nicholas Ashooh; Charlie Perkins, a spokesman for Ernst & Young; Peter Truell, a Barclays spokesman; Putnam spokeswoman Nancy Fisher; and C.V. Starr spokesman Ken Frydman declined to comment. BlackRock spokeswoman Bobbie Collins couldn't immediately be reached.

The Lehman investment prompted New Jersey, which has a \$76 billion pension fund, to consider filing a civil lawsuit against Lehman, Vincz said.

``Close Review'

``It's something that's under very close review internally here," Vincz said.

New Jersey Attorney General **Anne Milgram** also is examining Lehman, according to spokesman David Wald.

``We are actively looking at Lehman Brothers and at least one additional bank that did business with the state of New Jersey," Wald said.

Prosecutors outside of New Jersey, including at the U.S. Attorney's Office in Brooklyn are also examining Lehman, according to the people.

``My guess is that the many investigations will merge because they will all tackle the same themes," said former federal prosecutor **Andrew Hruska**. ``The primary theme is: was Lehman telling investors one thing and doing another."

Prosecutors will examine what Lehman executives said on conference calls with investors, what they said in financial disclosures, what shares were sold by insiders and what assets were repositioned by the company, Hruska said.

``Difficult Case'

``This is a difficult case to make," Hruska said. ``It will depend on what the documents show and whether there are some insiders who have interesting stories to tell and are willing to tell them to investigators. It's too early to know the answers to that."

Prosecutors will ask investors about any meetings they may have had with Lehman executives before putting money into the company, said Columbia University law professor **John Coffee**.

``I could imagine that we will see inconsistencies between what the investors said they were told in due diligence meetings and what management recalls they said," Coffee said. ``We could see some e-mails in which management recognizes the gravity of their situation, which would be inconsistent with what they told investors."

Prosecutors and regulators are anxious to appear proactive in ferreting out any wrongdoing given the collapse of Lehman, Clark said.

``Obviously, lots of very sophisticated investors who were very much aware of the possibility that Lehman was undercapitalized chose to capitalize Lehman," Clark said.

The bankruptcy case is *In re Lehman Brothers Holdings Inc.*, 08-13555, U.S. Bankruptcy Court, Southern District of New York (Manhattan).

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